

the IG SPECIAL FRAUD ALERT

November 2021



KEN BURKE, CPA

CLERK OF THE CIRCUIT COURT
AND COMPTROLLER

VOICE

**You Have A
VOICE
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Cybercrime**

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SIGN UP TODAY and receive free
alerts when a document with your
name is recorded in Official Records.
Protect yourself from fraud.
CLICK HERE.

GET IN TOUCH:

Write:

Public Integrity Unit
Division of Inspector General
Fraud Hotline
510 Bay Avenue
Clearwater, FL 33756

Call:

(727) 45FRAUD
(727) 453-7283

Fax:

(727) 464-8386

E-mail:

fraudhotline@mypinellasclerk.org

Internet:

www.mypinellasclerk.org
[www.twitter.com/pinellasig](https://twitter.com/pinellasig)
www.facebook.com/igpinellas



International Fraud Awareness Week, or Fraud Week, was established by the Association of Certified Fraud Examiners (ACFE) in 2000 as a dedicated time to raise awareness about fraud. The week-long campaign encourages business leaders and employees to proactively take steps to minimize the impact of fraud by promoting anti-fraud awareness and education. Due to the ongoing, worldwide COVID-19 pandemic, spreading fraud awareness has never been more important.

The ACFE is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. The mission of the ACFE is to reduce the incidence of fraud and white-collar crime and to assist the membership in fraud detection and deterrence. Together with more than 90,000 members, the ACFE is reducing business fraud worldwide and inspiring public confidence in the integrity and objectivity within the profession.



All staff of the Pinellas County Division of Inspector General (IG) are members of the ACFE with three members holding the Certified Fraud Examiner designation.

What is Fraud

The term fraud encompasses actions that are meant to deceive for financial or personal gain. Occupational fraud is fraud committed by people who work for or do business with an organization. This specific form of fraud represents a real and large risk to any organization that employs individuals.

Since the inception of the ACFE's Report to the Nations in 1996, more than 18,000 cases of occupational fraud have been analyzed, and in each of the 11 studies conducted, the ACFE has explored the mechanisms used by perpetrators to defraud their employers. Among the various kinds of fraud that organizations might face, occupational fraud is likely the largest and most prevalent threat. At the highest level, there are three primary categories of occupational fraud as follows:

1. Asset misappropriation which involves an employee stealing or misusing the employing organization's resources
2. Corruption which includes offenses such as bribery, conflicts of interest, and extortion
3. Financial statement fraud schemes in which the perpetrator intentionally causes a material misstatement or omission in the organization's financial statements

An act of fraud typically involves not only the commission of the scheme itself but also efforts to conceal the crime. Understanding the methods used to cover fraud can

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help organizations better design prevention mechanisms and detect the warning signs of fraud. According to the ACFE, the top four concealment methods used by fraudsters are as follows:

1. Creating fraudulent physical documents (40%)
2. Altering existing physical documents (36%)
3. Altering existing electronic documents or files (27%)
4. Creating fraudulent electronic documents or files (26%)

Take note that the percentages add up to more than 100% because most frauds involve more than one type of concealment method.

People who commit fraud never expect they will be caught. They risk their careers, reputation, and freedom by engaging in fraud. According to the report, half of all of fraud scheme tips were provided by other employees, while the remaining tips came from citizens, such as customers, vendors, competitors, shareholders/owners, and other/anonymous sources.

Fraud can be committed by anyone, making it important for all employees to be aware and observant of behavioral red flags that might indicate a potential fraudster. However, it is important to note that sometimes these indicators also apply to honest people, so their presence alone does not mean that someone is committing fraud. Based on ACFE research, here are the six most common behavioral red flags of fraud:

1. Living beyond one's means and big spending especially if an employee's salary does not align with their lifestyle
2. Financial difficulties, high student loan debt, car loans, mortgages, taxes, or high credit card debt
3. Close personal relationship with vendors or customers which may indicate a conflict of interest or collusion between an employee and a vendor or customer
4. Control issue or an unwillingness to share duties, not using allotted time off, or providing excuses to gatekeep information from their colleagues
5. Irritability, suspiciousness, defensiveness, or acting unusually paranoid or harsh with colleagues in order to project suspicion onto others or to discourage questions
6. "Wheeler-dealer" attitude in which a fraudster displays an attitude involving shrew or unscrupulous behavior

While fraud prevention and detection are a year-round endeavor, International Fraud Awareness Week provides a great opportunity to spotlight this serious problem and stress the importance of anti-fraud training and education.

The IG has several ways for employees and citizens to report allegations of fraud, waste, and abuse directed against County government.

Phone: 727-45FRAUD (453-7283)

Fax: 727-464-8386

E-mail: fraudhotline@pinellascounty.org

Online Form:

<https://www.mypinellasclerk.org/Home/Inspector-General#599117-report-fraud-waste--abuse>

Address:

Public Integrity Unit
Division of Inspector General
510 Bay Ave.
Clearwater, FL 33756

When reporting fraud, waste, or abuse, you may remain anonymous if you wish.

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During the calendar year 2020, the IG handled 230 fraud, waste, and abuse complaints. The IG reviewed these tips and determined that 13 required investigation, while 111 were referred to the appropriate agencies including:

- County Departments
- Pinellas County Sheriff's Office
- Florida Sixth Judicial Circuit Court
- Local Police Departments
- State Attorney's Office
- Florida Department of Elder Affairs
- Florida Department of Children and Families
- The Florida Bar

No action was taken on the remaining 106 calls because they were informational in nature and did not require referral or any other action.

Some of the issues found in recent IG investigations conducted were:

- Misuse of County time, equipment, and resources
 - o Taking home County vehicles without approval and excessive idling resulting in unnecessary fuel consumption
 - o Failure to adhere to scheduled break and lunch times resulting in significant hours of lost work time
 - o Leaving the work site without authorization resulting in significant hours of lost work time
 - o Using a County issued computer to perform tasks related to an outside business during work hours
- We identified multiple policies that were violated as follows:
 - o Take-Home Vehicles and Equipment Administrative Directive
 - o Vehicle and Equipment Idling Directive
 - o Limited Personal Use of County Office Equipment Policy
 - o Outside or Non-County Employment Policy
 - o Multiple Pinellas County Personnel Rule 6 infractions

We provided recommendations to strengthen internal controls and reduce the risk of future fraud, waste, and/or abuse.

The fraud reporting program is critical in our efforts to combat fraud, waste, and abuse, as complaints provide the ability to generate leads from multiple sources. Investigations are initiated upon the receipt of credible information alleging an act of fraud, waste, or abuse that falls within the IG's jurisdiction.

Source:

2020 Report to the Nations on Occupational Fraud and Abuse, Association of Certified Fraud examiners

<https://fraudweek.com>

<https://www.acfe.com>

